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April 6, 2005

To: Supervisor Gloria Molina, Chair
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From: David Sanders, Ph. D. 
Director

ASFA RELATIVE HOME APPROVAL AUDITS

This memo is to provide your Board a status update of audits currently underway in the Department of Children and Family Services related to the ASFA Relative Home Approval process.

2003 Federal Title IV-E Disallowance for Ineligible Relative/Non-Relative Extended Family Members (NREFM) Cases

The California Department of Social Services (CDSS) and the Department of Health and Human Services (DHHS) have been in negotiations over the last six months to resolve the amount of calendar year 2003 Federal Title IV-E funds for Relative/Non Relative Extended Family Members (NREFM) placements that were eligible for Federal Financial Participation. CDSS has reached agreement with DHHS on the terms of a special statewide audit that will be used to determine the amount of IV-E reimbursement due to California for calendar year 2003 for Relative/NREFM child placement.

The case audit question will be: "Was each relative/NREFM foster family's home in the sample, confirmed to be 70 cases, held to the same standards as licensed foster family homes in accord with the definition of foster family home at 45 CFR 1355.20(a), and did each home satisfy all AB1695 license/approval standards codified in State regulations

at Title 22, Division 6, Chapter 9.5, Article 3 for all months in calendar year 2003 for which Title IV-E funds were claimed?"

The review began on March 8, 2005 and will cover the period of January 1, 2003 through December 31, 2003.

Upon completion of the field audit CDSS will determine compliance with the relative approval standards and period of IV-E eligible for each case. Once the total number of eligible case months claimed from the sample is determined the CDSS will apply that against the total number of case months for IV-E funding claimed to determine the ratio of Federal reimbursement for calendar year 2003.

Similar to the current State relative home approval Higgins compliance monitoring process, for individual cases found not to be compliant with one or more of the established safety standards, the County will be required to adjust both the claim and remedy the area of non-compliance. The only exception to adjusting case specific claims is if the case had been previously reviewed under the Higgins monitoring and the claim had already been adjusted.

ASFA 2001-DHHS Office of the Inspector General (OIG)

This audit is currently being conducted by the Office of the Inspector General (OIG) and will assess whether approved foster family homes were held to the same standards as licensed foster family homes in Federal FY 2001. It will determine whether any Federal funds were claimed for payments made to approved foster family homes that did not meet the state's licensing standards.

The audit covers the period of October 1, 2000 through December 31, 2001. The period of the audit is relevant because ASFA passed in 1997 and one of the requirements of ASFA was that relatives meet the same standards as foster family homes. The "final rule" issued Health and Human Services (HHS) in April 2000, required relatives to meet the same health and safety standards as licensed foster parents in order to be eligible for Title IV-E funds. In that rule, HHS stated that states had six months (up to 10/01/00) to bring their relative homes into compliance with this rule.

California passed AB 1544 in 1998 in response to ASFA, and issued guidelines to be used by counties in the evaluation of relative caregivers' homes. CDSS took the position with HHS that this represented "substantial compliance" with the requirement for "same standards". HHS has disagreed with this position, stating that California had a two-tiered system. Therefore, HHS is auditing the State's relative approval program, and as part of the audit, is reviewing Los Angeles County's implementation of the "same standard" requirement. Los Angeles' position has been that we were in compliance with the regulations and guidelines issued by CDSS, and that any findings

Each Supervisor
ASFA Relative Home Approval Audits
April 6, 2004
Page 3

should be directed towards CDSS and not specifically towards Los Angeles County. HHS indicated they would only be looking at Los Angeles County and would not be reviewing other counties' assessment process during the audit period.

HHS will review the foster care regulations that were in effect at the time of the audit period, and compare that information with our policies, procedures, training materials, and case reviews. This audit is expected to be completed in May 2005, with a preliminary report submitted to CDSS in July 2005.

Both audits may have fiscal implications to the County. The amount of federal payments made to relatives for the scope of the CY2003 audit is \$57,000,000 and for the 2000-01 audit is \$82,500,000.

If you have questions or need additional information regarding these audits, please call me or your staff may contact Helen Berberian, Board Relations Manager, at (213) 351-5530.

DS:JS:ch

c: Chief Administrative Officer
County Counsel